

## ALBANIA

Capital: Tirana  
GDP per capita: \$1,080  
Population: 3,500,000

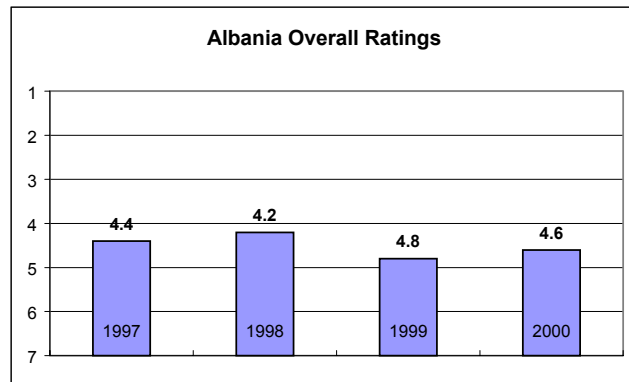
Inflation: 18%  
Unemployment: 17.7%  
Foreign Direct Investment: \$43,000,000

### OVERALL RATING: 4.6

Over the last year, Albania has made positive strides towards normalcy. With the end of the Kosovo crisis, a strengthening of public order, and a peaceful round of local elections in October 2000, the country is less tense and polarized than it has been in some years.

It is believed that there are currently between 400 and 800 NGOs in Albania, approximately 200 of which are active. The strongest NGOs are those engaged in advocacy, youth issues, and civic education, as well as women's organizations.

The overall outlook for the sector is mixed. While there was a broadening of participation in the NGO community during the Kosovo crisis, little has been done to strengthen the sector's capacity to serve a broader constituency since then. Though there is more activity beyond the Tirana-Durres corridor, even the stronger NGOs remain donor driven and dependent. This dependence is related to the constricted Albanian economy, as well as a lack of continued technical assistance in organizational development.



The development of the NGO sector has also been severely impeded by the failure of the GoA to pass a new NGO law. Draft laws focus on two major issues: creating solid definitions of foundations, associations, and centers; and clarifying what types of NGOs may provide services, of what sort, and for what (if any) fees. Despite its failure to pass the current draft, efforts to redraft and refine the law continue.

Thus, while Albanians are more confident of their physical safety due to progress in the rule of law, the economy has not improved, and the strengthening of civil society seems stalled. It is hoped that programs beginning at the end of 2000 will help the sector move ahead. Key activities will include continuing work to build an NGO coalition to reduce corruption, and broadening voter education efforts for the national election in 2001. An emphasis

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will be put on strengthening organizations and associations within the justice system, the media, the health care sector, small businesses, agriculture and the social services sector.

### LEGAL ENVIRONMENT: 4.0

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Despite gaps and ambiguities, the current legal environment in Albania does not generally restrict the development of the NGO sector. For the most part, NGOs can register fairly easily and face little control in terms of their internal management. The law would benefit from additional provisions promoting democratic governance structures. NGOs, at present, are allowed to engage in a broad range of activities, with the exception of economic activities by associations. Foundations are nominally subject to control by relevant ministries, though the ministries have tended not to exert this control. The operation of NGOs is loosely described by law, which sometimes leads to abuses by NGOs, such as intentional mismanagement of funds.

On the whole, NGOs and their representatives are able to operate freely within the law, and are free of harassment from the central and the

local governments. Reports of enforcement actions by the tax police may be due more to ambiguity in the tax laws themselves than actual "harassment." NGO members can freely address matters of public debate and express criticism.

There are a large number of local lawyers, government officials and judges who are familiar with the NGO law. However, these resources are concentrated in Tirana and much work needs to be done to spread legal advice outside the capital.

The tax law contains a list of categories of public benefits to which NGOs are entitled, including a profit tax exemption. NGOs do not pay taxes on grants, but individuals on a wage contract may not receive deductions for contributions. The primary concern is that the law is confusing and few people understand the governing rules.

### ORGANIZATIONAL CAPACITY: 5.0

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On the whole, there has been little change in terms of organizational capacity in the NGO sector over the past year. However, programs aimed at filling the gaps in training and organizational development are in the planning stages.

With few exceptions, Albanian NGOs remain donor driven, which results in organizations changing their mission to be eligible for grants rather than using their mission as a tool to build a constituency.

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Although most citizen efforts to support the flow of refugees into the country were channeled through NGOs, these organizations are still characterized by limited use of volunteers. There is little to offer in the way of training for the volunteers or for those who recruit and manage them.

Most NGOs are mission-specific membership organizations, such as groups serving the handicapped, as opposed to broad-based community organizations. The new orientation of the NGO sector towards service provision has highlighted the importance and effectiveness of community-based organizations. There is very little understanding of ways to involve and work in communities. Among the donors in Albania, there is little offered in terms of training and technical assistance to develop community development capacity of NGOs.

Albanian NGOs are still weak in management structure and tend to have board members who have little preparation for their role. Many are there simply because they are paid. A limited number of more mature and active NGOs are becoming aware of the important role of a volunteer board. A few Albanian NGOs are seeking specialized training from donors to set up new boards or train the existing ones to work on volunteer principles. However, most organizations have little understanding of their relationship with an executive staff, and still tend to revolve around a single strong leader. In turn, a few Tirana-based NGO leaders have begun to delegate some management responsibilities, but these leaders are still in the minority. Again, it is only the organizations in Tirana that are able to access the Internet, though there are plans for the network to be spread to other municipalities in the near future.

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### FINANCIAL VIABILITY: 5.0

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The NGO sector remains highly dependent on the donor community, both for grants and as customers for their services. However, donor funding shrunk as the Kosovar refugees left, reducing the level of funding available to NGOs. There are few possibilities to raise funds locally. Business is still at an early stage of development, and the government continues to face major financial, infrastructural and social problems with few resources.

Furthermore, the current legal framework provides little

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incentive for businesses to support charitable activities. Given this situation, as long as the legal framework prevents NGOs from engaging in income generating activities, financial viability remains in the future.

The creation of sound financial management systems and reporting formats, as well as the training of finance personnel is still widely lacking in the sector. Donors offer little oversight of their grants, which

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in itself could serve as a training period. In turn,

financial mismanagement is fairly widespread.

### **ADVOCACY: 4.0**

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Over the last two years, Albanian NGOs have continued to establish good working relations with various ministries and local governments and to play an active role in policy formulation. After the Kosovo crisis, they began to increase their involvement in the development of regional policy, as part of the Stability Pact. Local NGOs have representatives on the Democracy Roundtable, which, in turn, has increased their interaction and dialog with the central government. On a regional level, NGOs have also increased their efforts to work with the business sector as part of the Stability Pact work to improve Albanian infrastructure. These recent developments have strengthened the NGO sector's role in advocacy and have been important factors in fostering

stronger NGO-government relationships.

Although there is considerable work taking place to strengthen local governments, finances are still managed centrally, limiting the opportunities for financial partner-ships. However, NGOs have worked with local authorities in other capacities, including drafting regional economic strategies, prioritizing local development needs, raising environmental consciousness, and providing health services and leisure facilities. Another promising local effort is the formation of NGOs by parents to improve their childrens' schools. The trend is likely to grow as the decentralization process continues.

### **SERVICE PROVISION: 5.0**

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In Albania's transitional economy, the government is unable to provide a sufficient level of basic services to its citizens. The role NGOs can play in this area is still little understood by the central government, though there has been some progress made at local levels, where administrations are more open to NGO participation. Earlier drafts of the NGO law enabled NGOs to engage in providing services, but

more recent drafts have removed this provision.

Lack of service provision also reflects donor policy. Few international donors offer grants or technical assistance to support Albanian NGOs in providing services to their membership or to the general public.

The Kosovo crisis was the turning point for NGOs' involvement in service

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delivery. Since then, the number of NGOs working in service delivery has increased, though it is still not sufficient to meet demands for services. Interestingly, most of these new social services NGOs come from outside Tirana. The services they provide, like community kindergartens, counseling for women and children, family planning, and informal training, are very important in compensating for what the government is unable to do.

Still, these are short-term projects with very little community involvement, which makes them difficult to sustain. Since most of these NGOs are new and have little experience in project and financial management, donors are reluctant to substantially fund long-term projects. The services now being provided are unlikely to amount to more than temporary relief, unless the decentralization process of local government accelerates.

### **INFRASTRUCTURE: 5.0**

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After the Kosovo crisis, the donor community became more interested in building up local training and technical assistance capacity. There was considerable discussion among umbrella or coordination groups (Albanian NGO Forum, Women Center, Albanian Youth Council) and donors (OSCE, SNV, NOVIB, Albanian Civil Society Foundation) about establishing resource centers outside Tirana. Unfortunately, services provided by these centers are largely limited to access to computers, photocopying, and in some, language training. Organizational development services,

still very much a need in the NGO sector, are not widely available. ANTARC is the only organization offering such training, but it contracts its work to international NGOs and does most of its workshops in Kosovo.

A lack of access to information is the main reason that the NGO sector is not well developed outside of Tirana. The few resource centers that do exist outside the capital compete for information and have no network through which to distribute the information.

### **PUBLIC IMAGE: 4.5**

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The recent involvement of NGOs in service provision has somewhat improved the public image of the sector. At the same time, it has exposed local NGOs to more public scrutiny than they have experienced before, which could increase NGO

accountability in the future. The recent law on broadcast licensing rules has permitted NGOs to explore the use of publicity campaigns and public service announcements. Still, training for both the NGO sector and media is needed. On one side, media lacks knowledge

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and understanding of NGOs' work and the role NGOs play in a civil society. On the other

hand, NGOs have very little experience in working with the media.